

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2018-322-E - ORDER NO. 2020-____

September __, 2020

IN RE:	Application of Duke Energy Progress, LLC for Approval of Proposed Electric Transportation Pilot and An Accounting Order to Defer Capital and Operating Expenses)	JOINT PROPOSED ORDER APPROVING DUKE ENERGY PROGRESS, LLC'S ELECTRIC TRANSPORTATION PILOT
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This matter comes before the Public Service Commission of South Carolina ("Commission") pursuant to a request made by Duke Energy Progress, LLC ("DEP" or the "Company"), under the authority of S.C. Code Ann. § 58-27-820, as related to DEP's Application for Approval of Proposed Electric Transportation Pilot ("ET Pilot") and an Accounting Order to Defer Capital and Operating Expenses ("Application"). In this Order, we approve the proposed Direct Current ("DC") Fast Charging Station Program, and other components of the Company's request, as described herein.

I. Procedural History

The Company filed the Application on October 18, 2018. In its Application, the Company states that the purpose of the ET Pilot is in anticipation of the accelerated deployment of EV technology and the potential customer benefits of increased EV adoption in the State of South Carolina. The Company states that the ET Pilot is necessary to assist it in better understanding the grid impacts of serving EV charging equipment, customer charging behavior, and the viability of

utility-managed charging methods, and to ensure the multiple types of charging technologies for EVs are integrated safely, reliably and cost-effectively.

Pursuant to S.C. Code Ann. § 58-27-1540, the Company's Application also requested an accounting order for regulatory and financial accounting purposes authorizing the Company to defer in a regulatory asset the related depreciation expense, property tax, and incremental operation and maintenance ("O&M") expenses, as well as the carrying cost on the investment and on the deferred costs at its weighted average cost of capital, incurred in connection with the ET Pilot until recovery within general rate case. The Company also requested that the ET Pilot have an approved duration of three years to become effective 90 days from the date of Commission approval.

A Joint Petition to Intervene was filed by and subsequently granted as to the South Carolina Coastal Conservation League and Southern Alliance for Clean Energy.¹ A Petition to Intervene was filed by and subsequently granted as to ChargePoint, Inc.² A Petition to Intervene was filed by and subsequently granted as to Sierra Club.³ The Office of Regulatory Staff ("ORS") is a party to this proceeding as per S.C. Code Ann. § 58-4-10(B). Over two dozen letters were filed by various stakeholders in support of the ET Pilot in this docket.

The Commission granted ORS's request for comments to be filed on or before December 10, 2018 on the Company's ET Pilot.⁴ On December 10, 2018, ORS requested, and the Commission granted,⁵ that the comment period and any further action in this docket be held in abeyance pending ORS's facilitation of a stakeholder process. The Company, ORS, intervenors and interested stakeholders participated in stakeholder working group sessions on January 28, 2019

¹ Order No. 2018-734.

² Order No. 2018-181H.

³ Order No. 2018-817.

⁴ Order No. 2018-179H, dated November 27, 2018.

⁵ See Order No. 2018-832.

and March 7, 2019. According to the ORS Report on these sessions filed on April 1, 2019, twenty-four stakeholders, not including the Company or ORS, were represented in these discussions.

On April 1, 2019, the Company filed an Amended Application in which the Company incorporated portions of the feedback and recommendations received during the stakeholder working group session (“Amended Application”).

The Company and Duke Energy Carolinas, LLC held a joint allowable ex parte briefing on the ET Pilots before the Commission on December 11, 2019. The allowable ex parte briefing explained the procedural history of the docket; market trends related to battery costs, policy mandates, and changing customer trends; the connection between transportation electrification and economic development; and the goals and expectations for the Pilot programs.

The Commission appointed Josh Minges as hearing officer to consult with the parties about scheduling matters.⁶

On September 9, 2020, on behalf of the Company and ORS, DEP filed a Stipulation with the Commission (“DEP-ORS Stipulation”). On September 10, 2020, on behalf of the Company and ChargePoint, DEP filed a Stipulation with the Commission (“DEP-ChargePoint Stipulation”). In light of the stakeholder engagement in this proceeding, the extensive comments filed by parties in this proceeding, the allowable ex parte briefing before the Commission, and the comprehensive resolution of issues by the Stipulations filed in this case, a hearing is not necessary for resolution of the Company’s Application.

On September 16, 2020, ORS filed a letter informing the Commission that ORS does not object to the DEP-ChargePoint Stipulation.

⁶ Order No. 2020-255.

II. DESCRIPTION OF THE ET PILOT

The Company's proposed ET Pilot, as proposed in the Amended Application, is comprised of three programs: 1) the EV School Bus Charging Program; 2) the EV Transit Bus Charging Program; and 3) the Direct Current ("DC") Fast Charging Station Program. As explained below, the Stipulations approved in this Order withdraw the Company's request for approval, at this time, of the EV School Bus Charging Program and the EV Transit Bus Charging Program. The Stipulations also provide that, in the place of a regulatory asset, the costs associated with the ET Pilot will be reviewed by ORS for prudence and potential recovery in a subsequent base rate case.

As proposed by the Company, under the DC Fast Charging Station Program, the Company will install, own, and operate up to twenty DC Fast Chargers across the DEP service territory to provide a foundational level of infrastructure and facilitate EV market growth. The DCFC Stations would be installed, operated and maintained by a Duke contractor and may be co-located with other automotive facilities to reduce the installation cost. The DCFC stations would either be located on company-owned or third-party owned property, including but not limited to truck stops, gas stations, restaurants and other retail establishments. Station locations would be dispersed at key highway corridor locations throughout Company's service territory to enable intra- and inter-state electric vehicle travel.

The Company expects to incur approximately \$2.61 million for the DC Fast Charging Station Program, and \$180,000 for combined education, outreach, and operations and maintenance costs.

III. STIPULATIONS

A. Stipulation Between the Company and ORS

DEP and ORS consented to all matters addressed in the DEP-ORS Stipulation and agreed that the stipulation is reasonable, is in the public interest, and is in accordance with law and regulatory policy. In the DEP-ORS Stipulation, the Company agreed to withdraw its request for approval of the EV School Bus Program and EV Transit Bus Program, and to investigate alternative designs for these programs to be proposed at a later date, including but not limited to potential reconfiguration of the offerings consistent with that offered in North Carolina. In order to maximize the stakeholder work already done in this docket, the Company agreed to file any new, successor school or transit bus offering in this docket.

DEP and ORS agreed in the stipulation that the DC Fast Charging Program should be approved as proposed in the Amended Application. The Company estimated the cost of the DC Fast Charging Program, excluding education/outreach and ongoing O&M, is \$2.61 million for 20 charging stations.

DEP and ORS agreed that all costs associated with the ET Pilot—to include the related depreciation expense, property tax expense, education and outreach expenses, and O&M expenses—shall be reviewed by ORS for prudence and potential recovery in a subsequent base rate case.

DEP and ORS agreed that pre-filed testimony and a hearing are not necessary for the resolution of this proceeding.

The Company agreed to submit a final report with the Commission within 180 days after the ET Pilot ends. The final report will include, but is not limited to, the following: a cost-benefit analysis for the DC Fast Charging program; identification of tangible benefits for DEP's South Carolina customers; a cost-benefit analysis for each DC Fast Charging station; overall cost figures and load profiles of DC Fast Charging stations; information about charging station costs; insights

learned by the Company regarding the effect of the program on the electric vehicle supply equipment (“EVSE”); EV market development in South Carolina; and lessons learned.

The Company agreed to conduct an ongoing stakeholder engagement process with interested parties in an effort to understand each parties’ experience with the ET Pilot and the effectiveness of the ET Pilots’ programs. Under this process, the Company would host annual meetings to provide stakeholders with updates on the ET Pilots’ programs, and permit stakeholders to ask questions and provide feedback. The Company agreed to document these stakeholder meetings and provide summaries to the Commission as part of the Company’s annual and final ET Pilot report.

B. Stipulation Between the Company and ChargePoint

DEP and ChargePoint consented to all matters addressed in the DEP-ORS Stipulation and, through the DEP-ChargePoint Stipulation, resolved all issues between the Company and ChargePoint as to the DC Fast Charging Program.

DEP and ChargePoint agreed that the DC Fast Charging Program should be approved as proposed in the Amended Application, provided however, that the Commission amend the DC Fast Charging Program to reflect the following terms:

1. The Company shall install, own, operate, and maintain each DC Fast Charger throughout the term of the Pilot term.
2. There will be a minimum of two (2) DC Fast Chargers per location capable of charging a single vehicle, at a combined 100kW or more (“DCFC Location”).
3. Participating site hosts shall have the choice of at least two (2) vendors of EV charging hardware and software which shall be prequalified by the Company to meet functional requirements.

4. The Company shall establish, by a request for proposals, a base option for hardware and software, and the site host shall be responsible for any incremental costs above the base option. Such “base option” shall include all hardware costs for each DCFC Location, including activation and other costs, and the total cost to manage any and all network, software, and connectivity services for five (5) years for each DCFC Location.
5. No single vendor of EV charging hardware shall be awarded 100% of total installations.
6. DEP’s Application provides for the assessment of a fee to drivers consisting of the approximate average price per kWh (“Fast Charge Fee”). Site hosts will have the option of creating alternative pricing mechanisms for drivers, which, for purposes of this Pilot only due to its unique design, may not exceed the Fast Charge Fee by more than twenty percent (20%).
7. No third-party sales of electricity are present in the Company’s Application or in the DEP-ChargePoint Stipulation. While a Network Service Provider may be used to facilitate charging transactions, electricity will be sold directly by the Company to the driver. In order to ensure that the approved Fast Charge Fees are collected by the Company, the site host shall be responsible for making payments to the Company required to reconcile revenues collected from drivers with the applicable approved Fast Charge Fee at the time of charging. Additionally, once established, site hosts shall endeavor to maintain clear and consistent pricing for charging services. Site hosts shall coordinate with the Company should they intend to change price structures more often than the quarterly update calculation of the Fast Charge Fee performed by the Company.
8. The following reports shall be made to the Commission on an annual basis: (1) the Company shall provide data on the number of site hosts flowing through Fast Charge

Fees to drivers, the number of site hosts using alternative pricing, and aggregate amounts of such fees collected by charger by year; and (2) site hosts offering alternative pricing mechanisms for drivers shall provide data on the aggregate amount collected under such arrangements by charger by year.

DEP and ChargePoint agreed that pre-filed testimony and a hearing are not necessary for the resolution of this proceeding.

DEP and ChargePoint agreed as outlined in detail in the DEP-ORS Stipulation, the Company shall conduct an ongoing stakeholder engagement process with interested parties in an effort to understand all issues related to the ET Pilot, and that stakeholder engagement process shall include DC Fast Charging Station issues.

DEP and ChargePoint agreed that the DEP-ChargePoint Stipulation is reasonable, is in the public interest, leverages the competitive market for DC Fast Charging to include multiple providers of EV charging hardware and software, and is in accordance with current law and regulatory policy. DEP and ChargePoint understand that the DEP-ChargePoint Stipulation may be revisited through additional filings with the Commission should a change in law or regulation occur relative to electric transportation.

On September 16, 2020, ORS filed a letter indicating that it does not object to the DEP-ChargePoint Stipulation.

IV. FINDINGS OF FACT AND CONCLUSIONS OF LAW

DEP requested expedited review of this matter, which includes a waiver of hearing. Under the terms of S.C. Code Ann. § 58-27-870(F), a proposed tariff may be put into effect without a hearing, *inter alia*, when the tariff is for experimental purposes, does not require a determination of the entire rate structure and overall rate of return, or does not result in a rate increase, each of

which are true in this case. Further, since there are also no objections from the parties and given the robust nature of this docket, including stakeholder sessions and filed comments, the waiver of the hearing is granted.

Based on the Commission's review of the Company's Application, Amended Application, the DEP-ORS Stipulation, and the DEP-ChargePoint Stipulation, the Commission adopts as just and reasonable all terms and provisions of the DEP-ORS Stipulation and the DEP-ChargePoint Stipulation as a resolution of the issues in this docket.

IT IS THEREFORE ORDERED THAT:

1. The DEP-ORS Stipulation is approved as just and reasonable in its entirety.
2. The DEP-ChargePoint Stipulation is approved as just and reasonable in its entirety.
3. The ET Pilot is approved for a duration of three years to become effective 90 days from the date of Commission approval.
4. The Company's costs associated with the ET Pilot—to include the related depreciation expense, property tax expense, education and outreach expenses, and incremental operation and maintenance ("O&M") expenses— shall be reviewed by ORS and interested parties for prudence and potential recovery in a subsequent base rate case.
5. The Company shall conduct an ongoing stakeholder engagement process with interested parties in an effort to understand each parties' experience with the ET Pilot and the effectiveness of the ET Pilots' programs. The Company shall host annual meetings to provide stakeholders with updates on the ET Pilots' programs, and permit stakeholders to ask questions and provide feedback. The Company shall document these stakeholder meetings and provide summaries to the Commission as part of the Company's annual and final ET Pilot report.

6. The Company shall submit to the Commission on an annual basis reports containing: (1) Data on the number of site hosts flowing through Fast Charge Fees to drivers, the number of site hosts using alternative pricing, and aggregate amounts of such fees collected by charger by year; and (2) data on the aggregate amount collected under such arrangements by charger by year provided from site hosts offering alternative pricing mechanisms for drivers.

7. The Company shall submit a final report to the Commission within 180 days after the ET Pilot ends. The final report shall include but is not limited to: a cost-benefit analysis for each of the two programs; identification of tangible benefits for DEP's South Carolina customers; a cost-benefit analysis for each DC Fast Charging station; overall cost figures and load profiles of DC Fast Charging stations; information about charging station costs; insights learned by the Company regarding the effect of the program on the electric vehicle supply equipment ("EVSE"); EV market development in South Carolina; and lessons learned.

8. DEP shall file its tariffs for the approved DC Fast Charging Station Program within 15 days of this Order using the Commission's E-Tariff filing system. The tariffs shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

9. This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:

Justin T. Williams, Chairman

ATTEST:

Jocelyn Boyd, Chief Clerk/Administrator